

Agency: Department of Education and Early Development**Project Title:**

Alaska Commission on Post Secondary Education - Alaska Advantage Education Grants

State Funding Requested: \$ 2,500,000
One-Time Need**House District: Statewide (1-40)****Brief Project Description:**

Appropriates money to fund university need-based education.

Funding Plan:**Total Cost of Project: \$2,500,000**Funding Secured

Amount FY

Other Pending Requests

Amount FY

Anticipated Future Need

Amount FY

There is no other funding needed

Detailed Project Description and Justification:

This grant appropriates money to fund need-based education grants for Alaskan students attending higher education and vocational institutions in Alaska. 70% of the state's post-secondary vocational education is provided at the University of Alaska. This appropriation will help educate students who seek higher education but cannot afford to do so, and will implement a recommendation by the University regents.

Some legislators have asked for language that would focus this aid on younger students as they enter college from high school. If that is the desire of the committee, then the following language would be added: "It is the intent of the legislature that this appropriation will be used to first aid eligible students under the age of 25 to the extent permitted by law."

Project Timeline:

Funds would be used for the 2008 and or 2009 academic years

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Alaska Postsecondary Education Commission

Grant Recipient Contact Information:

Contact Name: Diane Barrans

Phone Number: 907-465-6740

Address: 3030 Vintage Blvd., Juneau, AK 99801

Email: Diane.Barrans@alaska.gov

Funds for this project are located in the Governor's FY09 Budget:

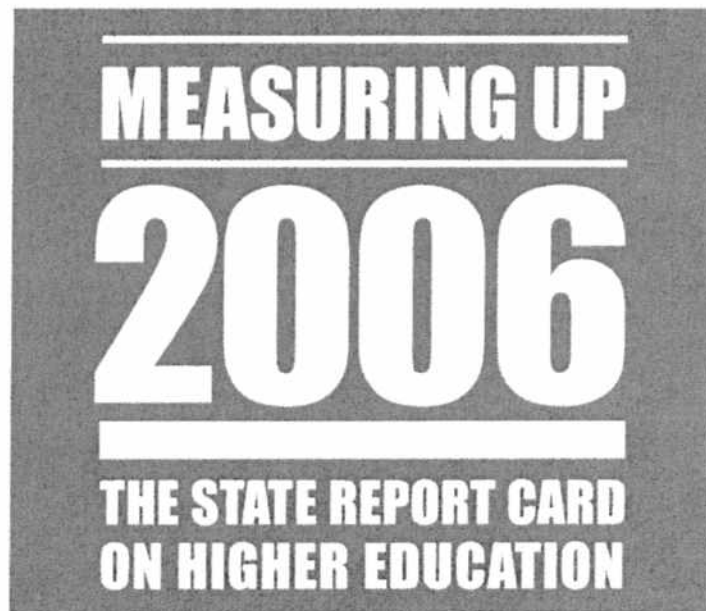
Included in Governor's FY09 Operating Budget (HB310, Page 55, Line 24-26) as Alaska Advantage Education Grants.

Total Project Snapshot Report

FY 2009 Capital Budget

TPS Report 50681

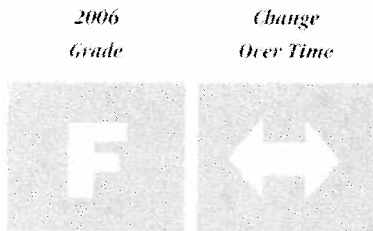
Has this project been through a public review process at the local level and is it a community priority? ☒ Yes ☐ No



ALASKA



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Alaska made no notable progress in making higher education affordable. This year Alaska receives an F in affordability.

Graded Information

■ Compared with best-performing states, families in Alaska devote a large share of family income, even after financial aid, to attend public four-year colleges and universities, which enroll 92% of college students in the state.

■ Alaska's investment in need-based financial aid is very low when compared with top-performing states, and the state does not offer low-priced college opportunities.

■ Undergraduate students borrowed on average \$3,432 in 2005.

Change in Graded Measures

■ Over the past several years, the share of family income, even after financial aid, needed to pay for college expenses has increased from 17% to 23% at community colleges, and from 17% to 24% at public four-year institutions.

Other Key Facts

■ In Alaska, 92% of students are enrolled in public four-year colleges and universities.

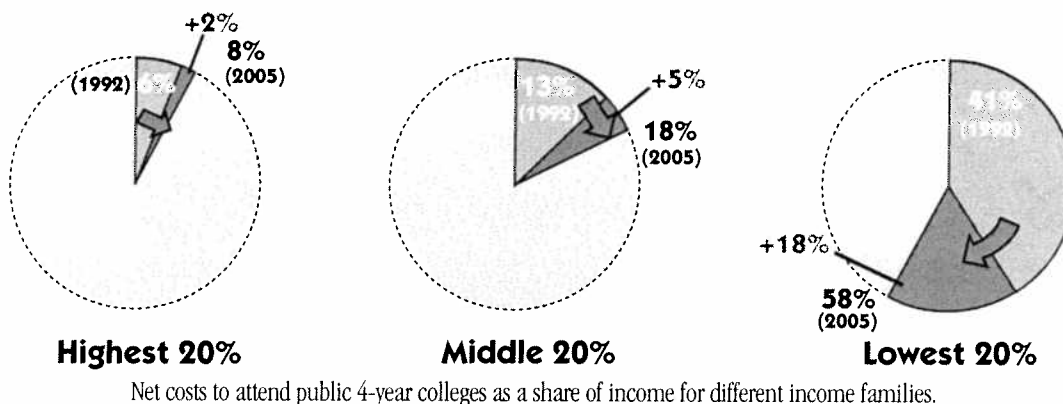
AFFORDABILITY	ALASKA		Top States In Early 1990s
	1992*	2006	
Family Ability to Pay (50%)			
Percent of income (average of all income groups) needed to pay for college expenses minus financial aid:			
at community colleges	17%	23%	15%
at public 4-year colleges/universities	17%	24%	16%
at private 4-year colleges/universities	34%	49%	32%
Strategies for Affordability (40%)			
State investment in need-based financial aid as compared to the federal investment	5%	6%	89%
At lowest-priced colleges, the share of income that the poorest families need to pay for tuition	10%	17%	7%
Reliance on Loans (10%)			
Average loan amount that undergraduate students borrow each year	\$3,101	\$3,432	\$2,619

*The indicators report data beginning in 1992 or the closest year for which reliable data are available. See the *Technical Guide for Measuring Up 2006*.

Note: In the affordability category, the lower the figures the better the performance for all indicators except for "State investment in need-based financial aid."

The affordability category measures whether students and families can afford to pay for higher education, given income levels, financial aid, and the types of colleges and universities in the state.

College in Alaska Has Become Less Affordable, Particularly for Low-Income Families (1992–2005)



Net costs to attend public 4-year colleges as a share of income for different income families.

Financial Burden to Pay for College Varies Widely Among Different Income Families in the State

Those who are striving to reach or stay in the middle class—the 40% of the population with the lowest incomes—earn on average \$24,652.

Note

The numbers shown for tuition, room, and board minus financial aid may not exactly equal net college cost due to rounding.

■ If a student from such a family were to attend a public four-year college in the state, their net cost to attend college would represent about 36% of their income annually:

Tuition, room, and board:	\$10,424
Financial aid received:	–\$ 1,465
Net college cost:	\$ 8,958

Percent of income: 36%

A CLOSER LOOK AT FAMILY ABILITY TO PAY	Average family income	Community colleges		Public 4-year colleges/universities		Private 4-year colleges/universities	
		Net college cost*	Percent of income needed to pay net college cost	Net college cost*	Percent of income needed to pay net college cost	Net college cost*	Percent of income needed to pay net college cost
Income groups used to calculate 2006 family ability to pay							
20% of the population with the lowest income	\$15,003	\$8,249	55%	\$8,740	58%	\$18,092	121%
20% of the population with lower-middle income	\$34,300	\$8,546	25%	\$9,177	27%	\$18,459	54%
20% of the population with middle income	\$54,706	\$8,802	16%	\$9,729	18%	\$18,710	34%
20% of the population with upper-middle income	\$82,216	\$8,880	11%	\$9,751	12%	\$18,756	23%
20% of the population with the highest income	\$128,909	\$8,901	7%	\$9,802	8%	\$18,964	15%
40% of the population with the lowest income	\$24,652	\$8,398	34%	\$8,958	36%	\$18,276	74%

*Net college cost equals tuition, room, and board, minus financial aid.

Why Should this be a State Priority?

- AlaskAdvantage Education Grants are the only needs-based education grants provided by the state
- Alaska lags far behind other 49 states in the rate our low-income citizens pursue postsecondary education
- Unless Alaska residents are trained and educated for high-wage, high-skill careers, Alaska industry and employers will continue to rely on non-resident hires
- Alaska students are being asked to be responsible for an increasing share of their educational costs; it is appropriate to ensure low-income Alaskans are not priced out of the postsecondary education market

STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

SARAH PALIN, GOVERNOR

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January 16, 2007

VIA FACSIMILE TRANSMISSION

The Honorable Les Gara
Alaska State House of Representatives
State Capitol, Room 500
Juneau, Alaska 99801-1182

Dear Representative Gara: *les*

This letter is in follow-up to our December 18, 2006 teleconference call regarding the status of need-based financial aid in Alaska. I apologize for the delay in getting back to you.

You have asked that I provide you with information that would accurately portray how Alaska compares to the other forty-nine states with respect to state-funded, need-based financial aid for postsecondary education. The most recent comprehensive survey compiled by the National Association of State Grant and Aid Programs (NASSGAP) relates to the 2004-2005 aid year. The NASSGAP results indicate that Alaska and South Dakota were tied for the lowest aid level in the United States as the only two states with no need-based aid program whatsoever.

As you know, state legislation passed in 2004 authorized the Alaska Commission on Postsecondary Education and its partner agency, the Alaska Student Loan Corporation, to administer and fund the AlaskAdvantage Education Grant Program. The national average for state-funded grants in 2004-2005 was \$2,635 per capita (using total number of undergraduate students multiplied by the national poverty rate to derive a proxy for financial need). If you apply that same method to Alaska-specific data, the 2005-2006 AlaskAdvantage Education Grant funding of \$719,000 would result in an average per capita award of \$268 or just slightly less than 10% of the national average.

You also asked, once Alaska's performance in this area was identified, what level of annual funding would be necessary to raise Alaska spending to the national average. In FY06, ACPE received grant applications for 3,070 students who were certified as eligible for grants. To award these students average grants of \$2,635, the program would have to be funded at a level of \$8.1 million. Please note that this is not a direct comparison because AlaskAdvantage Education Grant eligibility is subject to a program-


specific method of determining financial need. I would also note that the standard annual grant maximum for the program is \$1,000, and the priority grant award (for students in designated workforce shortage programs of study and those with strong high school academic performance) is \$2,000.

For your further review, the full NASSGAP States Report can be found at www.nassgap.org. I am aware that you have also been seeking input from University of Alaska enrollment managers regarding increasing non-loan financial aid. Please note that information provided to you by UA examined the level of need-based grant aid per full-time equivalent student, whereas the numbers I have shared focus on average need-based grant to grant recipients.

I hope this information is helpful and responsive to your inquiry. Regardless of how the data is viewed, clearly Alaska is well behind most other states in its commitment to providing low-income families with non-loan assistance. As I mentioned, Governor Palin's proposed FY08 budget does propose a very positive next step of authorizing ASLC to fund a substantial grant endowment of \$20 million. This would allow us to triple the current level of funding, regardless of the availability of other state funds, to subsidize the program.

As always your strong support of student assistance programs is greatly appreciated.

Sincerely,


Diane Barrans
Executive Director

DB/dv



UNIVERSITY
of ALASKA
Many Traditions One Alaska

March 14, 2007

The University of Alaska is supportive of HB 143 and 144. UA is committed to helping meet the higher education needs of this state. Alaskans who seek to improve their education and improve their skills make lives better for themselves, their families and ultimately, the state itself. Unfortunately, a higher education is an expensive investment and despite the best intentions of parents and students many Alaskans who could otherwise participate and benefit from a higher education may never get the chance. HB 143 and 144 seeks to change that by providing a more robust and stable funding source from which the Alaska Post-Secondary Education Commission (ACPE) could provide more need based grants to eligible Alaskan's attending post-secondary institutions in the state.

Offering grant aid to Alaskan's with financial need greatly enhances the chance that constituents who least could afford a higher education will be able to participate in further education and training opportunities.

Thank you,

Saichi T Oba

Assistant VP Student & Enrollment Services

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910 Yukon Drive ~ Fairbanks, Alaska 99775-5020

www.alaska.edu/student-services